

7. (New) The method of Claim 5, wherein the catalyst has not been subjected to a pre-sulfurization reaction.

8. (New) The method of Claim 5, wherein the heavy oil is at least one member selected from the group consisting of Middle-Eastern based Arabian heavy, Basra, Kafdi, Iranian heavy, vacuum residual oils and atmospheric distillation residual oils.

9. (New) The method of Claim 5, wherein heavy metals are removed during the contacting step.

10. (New) The method of Claim 5, wherein at least one of nickel and vanadium are removed during the contacting step.

B42 11. (New) The method of Claim 5, wherein asphaltene is removed during the contacting step.

12. (New) The method of Claim 5, wherein coke generation is suppressed.

13. (New) The method of Claim 5, comprising a first step of conducting hydrocracking at a temperature of from 360-450°C and at a hydrogen partial pressure of 2-14 MPaG and a second step of conducting hydrocracking at a temperature of from 400-480°C and at a hydrogen partial pressure of from 2-18 MPaG.

14. (New) The method of Claim 13, wherein the concentration of the catalyst is 6-40 wt.% with respect to oil in the first and second steps.

15. (New) The method of Claim 5, wherein the catalyst consists essentially of iron and the active carbon.